



# Department of Energy & Climate Change

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## Clarifying note on biogas CHP eligibility

As announced in December 2013, RHI support will be extended to biogas installations of 200 kWth and above. There will be two additional tariffs depending on the size of the installation. Regulations to implement this and other changes to RHI have been approved by parliament and will be made towards the end of May.

To claim the RHI such a plant must be first commissioned on or after 4<sup>th</sup> December 2013 and must be new at the time of installation.

Where a plant is previously generating electricity only but changes to become a CHP system, the regulations deem the plant to be commissioned for RHI purposes at the date when it is first commissioned as a CHP system<sup>1</sup>.

We have been asked to clarify our policy in relation to AD plants which generate electricity and which capture some of the heat produced in order to heat the AD process, but which may wish to capture further heat.

The policy intent is to apply the same approach as is currently taken for biogas below 200kWth, namely that a plant cannot be 'first commissioned as a CHP system' if heat is already being recovered and used, for example, by the installation of a heat exchanger. This policy approach is reflected in the biogas section of Ofgem Guidance Volume 1<sup>2</sup> which states that a heat exchanger and associated equipment must have been added to an existing electricity-only plant if that plant is to be considered new for the purposes of RHI.

If, therefore, prior to 4<sup>th</sup> December 2013, some heat is already being captured and used (for example to heat the digester) then the policy intent is that the plant is not to be considered as electricity-only and should be treated as having already been commissioned as a CHP system. It would therefore be ineligible to claim RHI on any heat produced and nor would the addition of any new or replacement heat exchanger to such a plant render it eligible.

However, since the policy intent of the RHI is to encourage new heat and CHP, the addition of a new combustion unit (which could be a turbine, boiler or engine) commissioned on or after 4<sup>th</sup> December 2013 may be eligible for the RHI for the heat provided by that combustion unit. Ofgem Guidance Volume 1<sup>2</sup> gives details of eligibility requirements.

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<sup>1</sup> It should be noted that the policy intention is that first commissioning as a CHP system for biogas of 200kWth and above must also be on or after 4<sup>th</sup> December 2013. The regulations make reference to 2009 but please note that this is a drafting error which will be corrected at the earliest opportunity.

<sup>2</sup> <https://www.ofgem.gov.uk/ofgem-publications/83036/rhiguidancevolume1.pdf>. Please note that this guidance is regularly updated, as at 23 May 2014 the guidance updated to include changes to the non-domestic RHI is available as draft <https://authors.ofgem.gov.uk/publications-and-updates/draft-non-domestic-rhi-guidance>.



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Please bear in mind that whilst this is a statement of the intended policy, every application will be dealt with on its own facts by Ofgem, applying the regulations to the plant and dealing with it appropriately according to the individual circumstances.

Potential applicants should contact Ofgem if they have questions about their individual circumstances.

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